

Message Text

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ORIGIN OPIC-06

INFO OCT-01 NEA-10 ISO-00 EB-07 AID-05 TRSE-00 OMB-01 L-03

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DRAFTED BY OPIC/F; BLBOSTWICK
APPROVED BY EB/IFD/ OIA: RJSMITH
OPIC/F:JRCULMAN
AID:CHREES
NEA/PAB:MGJONES
EB/IFD/OIA:DHSTEBBING

----- 032723

P 092308Z SEP 75
FM SECSTATE WASHDC
TO AMEMBASSY ISLAMABAD PRIORITY
INFO AMCONSUL KARACHI PRIORITY
AMCONSUL LAHORE PRIORITY

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E.O. 11652: N/A

TAGS: E/FIN

SUBJECT: OPIC LOCAL CURRENCY LOANS

REFS: (A) STATE 202639; (B) ISLAMABAD 7897;
(C) ISLAMABAD 8069; (D) STATE 211768

1. SUBSEQUENT TO PARKER MEETING 3 SEPTEMBER WITH HANIF AND KAZI AT WHICH S'BJECT LOANS WERE BRIEFLY DISCUSSED, OPIC PRESIDENT MAYS AND OTHER SENIOR OPIC OFFICIALS MET WITH HANIF AND KAZI ON 4 SEPTEMBER. HANIF AND KAZI RESPONDED TO QUESTIONS ON SUBJECT LOANS WITH STAND THAT NO "COOLEY FUNDS" WERE AVAILABLE, AND USED AS BACKUP A 6-30-74 USAID REPORT WHICH SHOWED NO FUNDS IN "COOLEY ACCOUNT." HANIF WAS ASKED IF QUESTION ON AVAILABILITY OF COOLEY FUNDS WAS RESOLVED, DID HE BELIEVE LOANS COULD THEN BE APPROVED. HANIF RE-
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SPONDED AFFIRMATIVELY.

2. AFTER OPIC MEETING WITH HANIF AND KAZI, OPIC STAFF CHECKED WITH TREASURY ON ALLOCATION AND TRANSFER OF THE LOCAL CURRENCIES FOR PREMIER AND RAFHAN MAIZE LOANS. TREASURY REPORTED THAT LOCAL CURRENCY FUNDS FOR THESE LOANS HAD BEEN TRANSFERRED TO OPIC ACCOUNT NO. 71FT760 IN MAY 1975. ON BASIS OF THIS INFORMATION, FOLLOWING LETTER WAS HAND DELIVERED TO HANIF PRIOR TO HIS DEPARTURE FROM U.S.:

"MR. MOHAMMAD HANIF
MINISTER OF FINANCE, PLANNING AND DEVELOPMENT
REPUBLIC OF PAKISTAN

DEAR MR. MINISTER:

I REGRET THAT MR. KAZI'S SCHEDULE DID NOT PERMIT HIM TO REACH MR. CULMAN THIS AFTERNOON. HOWEVER, AFTER OUR CONVERSATION THIS MORNING I ASKED MY STAFF TO RESEARCH THE QUESTION YOU RAISED CONCERNING THE AVAILABILITY OF "COOLEY FUNDS" IN PAKISTAN.

"I AM PLEASED TO INFORM YOU THAT THESE FUNDS ARE PRESENTLY AVAILABLE IN PAKISTAN IN OPIC'S ACCOUNT NO. 71FT760. THESE FUNDS ARE FROM THE REPAYMENT OF PRINCIPAL AND INTEREST ON PREVIOUS "COOLEY" LOANS, AND WERE MADE AVAILABLE TO OPIC ON MAY 7, 1975, WHICH IS SUBSEQUENT TO THE USAID REPORT DATED JUNE 30, 1974 WHICH YOU SHOWED ME THIS MORNING. AS A POINT OF CLARIFICATION, SINCE OPIC IS THE LEGAL SUCCESSOR TO A.I.D. FOR COOLEY LOANS, THE ALLOCATION OF THESE FUNDS WAS MADE TO THE OPIC ACCOUNT RATHER THAN AN A.I.D. OR "COOLEY FUND" ACCOUNT. THIS FACTOR MAY HAVE CAUSED THE INITIAL CONFUSION. TRANSFER OF THESE FUNDS HAS BEEN CONFIRMED BY OUR TREASURY DEPARTMENT, AND OUR EMBASSY IN ISLAMABAD CAN ALSO CONFIRM THIS WITH YOU.

"INASMUCH AS IT IS CLEAR THAT FUNDS FOR COOLEY LOANS IN THE NECESSARY AMOUNT FOR THE PREMIER TOBACCO AND RAFHAN MAIZE LOANS ARE NOW AVAILABLE IN PAKISTAN IN THE OPIC ACCOUNT, I BELIEVE THIS CLARIFIES THE MATTER WITH RESPECT TO THE LIMITED OFFICIAL USE
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AVAILABILITY OF FUNDS. THEREFORE, IN ACCORDANCE WITH OUR CONVERSATION OF THIS MORNING IN WHICH YOU STATED THAT IF FUNDS WERE AVAILABLE, YOU WOULD APPROVE THESE LOANS, WE WOULD APPRECIATE YOUR EARLY CONFIRMATION THAT OPIC IS FREE TO PROCEED WITH THE DISBURSEMENTS OF THESE LOANS.
SINCERELY YOURS, MARSHALL T. MAYS."

BEGIN L.O.U.

3. BELIEVE DISCUSSION OF FUNDS AND FUNDING ACCOUNTS INITIATED BY STATE BANK WITH PREMIER TOBACCO CHAIRMAN

SAMAD IS YET ANOTHER EXCUSE TO OBSCURE REASON OUTLINED
PARA 7, REF (C).

4. IN VIEW FOREGOING, WOULD APPRECIATE EMBASSY ASSISTANCE
IN OBTAINING RESPONSE TO OPIC LETTER TO HANIF. OPIC
FURTHER NOTES THAT IF ANY PUBLICITY IS TO BE GIVEN TO THESE
TWO PROJECTS IN OPIC FY 1975 ANNUAL REPORT, WE SHOULD HAVE
SOME INDICATION OF GOP WILLINGNESS TO PROCEED AFFIRMATIVELY
WITH THESE LOANS NO LATER THAN 20 SEPTEMBER. KISSINGER

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